



D.C. REPORT OF CASH COLLECTIONS

FEBRUARY 2004

GENERAL FUND COLLECTIONS

Year-to-date (YTD) total general purpose general fund collections of \$1,200.0 million are \$144.4 million (13.7%) above collections received during the period October 2002 through February 2003. This YTD general fund collections growth is above the budgeted estimate of a 2.6 percent increase for fiscal year 2004. For the month of February 2004, total general purpose general fund collections are \$198.1 million, which is \$55.7 million (39.1%) more than February 2003 total general purpose general fund collections.

TOTAL TAX COLLECTIONS

YTD total tax collections of \$1,039.5 million are \$113.1 million (12.2%) greater than YTD total tax collections over the October-February period last year. This YTD increase is above the 4.5 percent increase budgeted for fiscal year 2004. For the month of February 2004, total tax collections are \$173.9 million, which is \$52.4 million (43.1%) more than February 2003 total tax collections.

TAX COLLECTIONS BY REVENUE SOURCE

Property Tax Collections

- \$24.7 million (84.1%) below YTD collections for the same period last year

The YTD decline is primarily due to real property tax collections, which are down 87.2 percent over the initial five months of FY 2004 compared to YTD collections through February 2003. This is an anomaly, as was initially noted in the October 2003 D.C. Report of Cash Collections. During the fall of 2002, the Office of Tax and Revenue (OTR) had billing problems that caused tax bills to be mailed out late. When the problem was identified, OTR allowed the large number of affected taxpayers to mail in their tax bill late with no penalty. Tax payments are normally due September 15. However, because of the mailing problem quite a bit of money was received in October 2002. In short, real property tax collections in October 2002 were unusually large. Thus, the large percentage reduction in real property tax collections during the first five months of the current fiscal year is not indicative of the real property market.

The other two components of property tax collections—personal property tax collections and public space rental collections—have an annual due date of July 31. Therefore, any amounts collected (or not collected) from these two revenue sources from now until July 2004 are expected to be negligible.

General Sales and Use Tax Collections

- \$18.4 million (6.7%) above YTD collections for the same period last year

The YTD increase of 6.7 percent is above the estimated 4.7 percent growth forecasted in the revenue estimates for fiscal year 2004. February 2004 general sales and use tax collections are up by \$14.9 million (30.7%) compared to collections in February 2003.

A portion of sales tax collections from restaurant meals, on-premise consumption of liquor, rental vehicles, and hotel accommodations is transferred to the Convention Center Fund. Thus, the Convention

Center Transfer is a measure of tourist-related tax revenues. YTD Convention Center Transfer collections are 5.2 percent below collections compared to the same period last year. The February 2004 Convention Center Transfer is 4.8 percent above that of February 2003.

Selective Sales and Use Tax Collections

- \$5.7 million (26.3%) above YTD collections for the same period last year

YTD alcoholic beverage collections are 15.7 percent above collections compared to the same period last year.

YTD cigarette tax collections are 8.8 percent above collections compared to the same period last year. One factor contributing to this increase is the increase in the cigarette tax rate, which took effect in January 2003.

YTD motor vehicle excise tax collections are 38.0 percent above collections over the same period last year.

Individual Income Tax Collections

- \$37.5 million (10.1%) above YTD collections for the same period last year

YTD individual income tax collections show an increase of 10.1 percent compared to a 5.4 percent increase forecasted in the revenue estimates for fiscal year 2004. For the month of February, individual income tax collections are \$19.1 million (55.2%) above collections in February 2003.

By components:

Withholdings: February 2004 YTD withholdings collections are 13.6 percent above February 2003 YTD withholding collections. For the month of February, withholdings are 38.4 percent above February 2003 withholdings.

Declarations: February 2004 YTD declarations (estimated payments) are 6.1 percent above February 2003 YTD declarations. For the month of February, declarations are 159.5 percent above February 2003 declarations. Declarations are collected quarterly. Declarations filing dates are January 15, April 15, June 15 and September 15.

Payments: February 2004 YTD final payments with returns are 15.7 percent above February 2003 YTD payments. For the month of February, payments are 90.8 percent above February 2003 payments. Final payments are due in April yet some payments are received after the due date. Some also receive an extension until September.

Fiduciary: February 2004 YTD fiduciary collections are 18.8 percent below February 2003 YTD fiduciary collections. Since fiduciary collections in February 2003 were negligible, the \$26,000 of collections in February 2004 results in a huge, but meaningless, month-over-month percentage change for February.

Refunds: February 2004 YTD refunds are 33.2 percent above February 2003 YTD refunds. For the month of February, refunds are 20.5 percent above February 2003 refunds. Since the bulk of the refunds are processed in the third quarter of the fiscal year, no firm conclusions can be drawn from the February refund figures.

Corporate Franchise Tax Collections

- \$0.2 million (0.7%) above YTD collections for the same period last year

The YTD increase of 0.7 percent shown in the cash collections report is above the estimated 6.1 percent decrease forecasted in the revenue estimates for fiscal year 2004. For the month of February, corporate franchise tax collections are \$2.4 million (183.5%) above collections in February 2003. This was largely due to the unusually high value of refunds in February 2003, which were almost double the refunds in February 2004—\$3.7 million compared to \$1.9 million. This drop in refunds, combined with higher declarations and payments in February 2004 compared to February 2003, resulted in February's strong increase in collections.

By components:

Declarations: YTD declarations (estimated payments) are 11.7 percent above YTD declarations compared to the same period last year. For the month of February, declarations are 31.3 percent above February 2003 declarations.

Payments: YTD payments with returns are 31.1 percent below YTD February 2003 payments. For the month of February, payments are 18.6 percent above February 2003 payments.

Refunds: YTD refunds are 1.1 percent below YTD February 2003 refunds. For the month of February, refunds are 49.5 percent below February 2003 refunds.

Unincorporated Franchise Tax Collections

- \$9.8 million (64.9%) above YTD collections for the same period last year

The YTD increase of 64.9 percent shown in the cash collections report is significantly greater than the estimated 1.0 percent decrease forecasted in the revenue estimates for fiscal year 2004. Net collections for February 2004 are up 157.6 percent compared to collections for February 2003. This growth is in large part due to an increase in collections from declarations and a reduction in refunds.

By components:

Declarations: YTD declarations are 47.6 percent above YTD February 2003 declarations. For the month of February, declarations are 74.2 percent above February 2003 declarations.

Payments: YTD payments are 11.5 percent above payments over the same period last year. For the month of February, payments are 20.0 percent below February 2003 payments.

Refunds: YTD refunds are 36.2 percent below refunds for the same period last year. For the month of February, refunds are 28.2 percent below February 2003 refunds.

Gross Receipts Tax Collections

- \$8.1 million (9.0%) above YTD collections for the same period last year

The YTD increase of 9.0 percent exceeds the estimated 1.6 percent growth forecasted in the revenue estimates for fiscal year 2004. For the month of February, gross receipts tax collections are 0.2 percent below February 2003 collections.

YTD public utilities collections are 8.8 percent above collections compared to the same period last year. One factor contributing to this increase is that public utility tax rates increased effective January 1, 2003 from 10 percent to 11 percent as part of the Mayor's efforts to avert a potential shortfall in the District's fiscal year 2003 budget. For the month of February, public utilities tax collections are 7.8 percent above February 2003 collections.

YTD toll telecommunication tax collections are 24.0 percent above collections compared to the same period last year. Rates for this tax also increased from 10 percent to 11 percent effective January 1, 2003,

which contributed to the increase in collections relative to last year. For the month of February, toll telecommunications tax collections are 34.4 percent above February 2003 collections.

Insurance premium payments YTD collections are 19.5 percent below YTD collections for the same period last year. At this point in the fiscal year, no firm conclusions can be made about this growth rate because collections for most types of insurance premium tax are collected mainly in March and June, as insurance premium payments are due in March and June. Collections in other months are usually for non-DC regulated types of insurance premiums, which tend to be for relatively small amounts. Collections in February are 22.7 percent lower than February 2003 collections, which reinforces the view of the "lumpiness" in collections of this revenue source since collections in the prior two months showed large growth relative to the prior year.

Other Tax Collections

- \$58.2 million (60.6%) above YTD collections for the same period last year

The YTD increase of 60.6 percent is considerably better than the estimated 1.3 percent decline forecasted in the revenue estimates for fiscal year 2004.

YTD estate tax collections are 23.8 percent above collections compared to the same period last year. This stems from estate tax collections being unusually high in October 2003 as a result of three large tax payments during the month that amounted to approximately \$7 million. No more large estate tax payments are expected for the remainder of this fiscal year.

YTD deed recordation taxes are 41.3 percent above collections compared to the same period last year and deed transfer tax collections are 71.5 percent above collections compared to the same period last year. The recordation tax is a tax on property sales and commercial refinancing, while the transfer tax is a tax on property sales. The recordation tax is growing at a slower rate than the transfer tax because there appears to be less refinancing now compared to a year ago. The collections growth shown for these two deed taxes is, in part, due to the higher tax rate for deed taxes, which took effect on January 1, 2003. The higher tax rate was not in effect for the first quarter of fiscal year 2003. After adjusting for the tax rate change, YTD recordation taxes are up about 8 percent, while YTD transfer taxes are higher by about 31 percent compared to the same time period last year. This reflects moderately lower refinancing activity. Base transactions still show solid growth. There continues to be a strong demand to own real estate and a very limited supply of owning opportunities. This situation is primarily driving up the price of real estate in the District.

YTD economic interest collections are 2,084.2 percent above collections over the same period last year. This is an unstable and unpredictable tax throughout the year, and zero or minimal collections in any given month are quite common, which tends to result in large percentage changes when relatively large collections occur. \$2.2 million, \$3.9 million, and \$4.6 million was received in November, December, and January respectively. These unexpectedly large collections alone exceed economic interest collections for all of FY 2003, which amounted to \$4.9 million.

TOTAL GENERAL-PURPOSE NON-TAX COLLECTIONS

YTD total general-purpose non-tax collections of \$125.1 million are \$29.3 million (30.6%) above YTD collections for the same period last year. This YTD increase is significantly better than the 5.7 percent decrease budgeted for fiscal year 2004. In February, total general-purpose non-tax collections are 21.2 percent above those of February 2003.

By source:

Licenses and Permits

YTD business and non-business licenses and permits are 12.1 percent above collections compared to the same period last year. In February, collections from licenses and permits are 48.8 percent above those of February 2003.

Fines and Forfeitures

YTD fines and forfeitures collections are 25.5 percent above collections compared to the same period last year. In February, collections from fines and forfeitures are 24.8 percent above those in February 2003.

Charges for Services

YTD charges for services (parking meters and other charges) collections are 26.2 percent above collections compared to the same period last year. In February, collections from charges for services are 8.2 percent below those in February 2003.

Miscellaneous

YTD miscellaneous revenue (e.g., interest income, unclaimed property, sale of surplus property, other transfers, and other revenue) collections are 44.7 percent above collections compared to the same period last year. In February, miscellaneous revenue collections are 19.0 percent above those in February 2003.

SPECIAL PURPOSE FUNDS

Special purpose funds are funds generated from non-tax sources—fees, fines, assessments, or reimbursements—that are dedicated to the District agency that collects the revenue. The agency uses this revenue to cover the cost of performing the agency's functions. YTD special purpose fund collections of \$80.2 million are \$10.6 million (15.3%) above YTD collections for the same period last year. In February, special purpose fund collections are 5.5 percent above those of February 2003.